

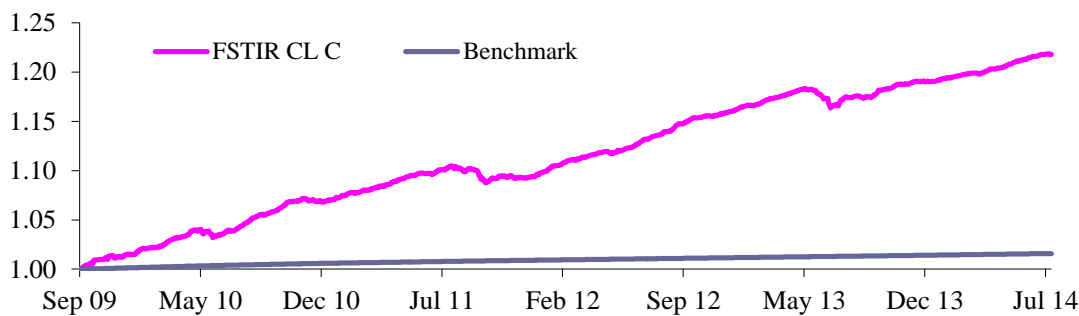
**Investment Objective**

The investment objective of the Fund is to achieve medium-term capital appreciation for investors. The investments of the Fund will be broadly diversified with no specific industry or sectoral emphasis.

**Investment Focus & Approach**

The Fund is primarily focused on fixed income securities and money market instruments. The Fund may invest in futures and derivatives for hedging purposes. The maturity limit of underlying securities is 5 years and all foreign currency denominated bonds are fully hedged back to SGD except for a 1% frictional currency limit.

**Performance (%) <sup>(1)</sup>**



	1 mth	3 mths	6 mths	1 yr	3 yrs*	Ann. Return**	Ann. Volatility**
FSTIR CL C (Bid-Bid)	0.16	1.12	1.94	3.74	3.33	4.15	1.37
FSTIR CL C (Bid-Bid, adjusted)	-2.76	-1.83	-1.03	0.72	2.32	3.51	N.A.
Benchmark <sup>(2)</sup>	0.02	0.07	0.14	0.27	0.26	0.33	0.03

\* Returns of more than 1 year are annualised

Ref: FSTIR CLC/Jul2014

\*\* Since inception

- (1) Returns are calculated on a single pricing basis in SGD with net dividends and distributions (if any) reinvested. Bid-Bid, adjusted returns include an assumed preliminary charge of 3% which may or may not be charged to investors.
- (2) Benchmark: 3-month SIBID. To achieve greater transparency and consistency with industry practice, the Managers have revised the benchmark computation methodology from arithmetic to geometric methodology in relation to the computation of cumulative returns for the period from 9 September 2004 to 30 September 2009. Since 1 October 2009, the geometric methodology of calculation has been used.

Source: Fullerton Fund Management Company Ltd and Bloomberg.

**Market Review**

In July, global risk assets maintained their positive momentum on the back of upbeat economic data out of China and the US. Geopolitical headwinds intensified and risk aversion increased mid-month as EU and US imposed sanctions against Russia. Over the month, the US Treasury yields rose and credit spreads narrowed. SGD credits continued to see price gains amid a strong primary market.

US 2Q 2014 GDP was much stronger than expected at a seasonally adjusted annual rate of 4%qoq, a significant rebound from the 2.1% contraction in the previous quarter. An outsized inventory build and acceleration in consumer spending drove the expansion and helped offset drag from increased imports. Labour market conditions also improved as the unemployment rate declined further – nonfarm payrolls came in at 209,000, bringing the six-month moving average to a healthy 244,000. The Federal Reserve remained dovish but acknowledged that the likelihood of inflation running persistently below target had diminished.

In contrast, Singapore’s 2Q2014 GDP contracted for the first time in seven quarters by 0.8%qoq. The economy expanded at a slower pace of 2.1%yoy, hurt by a slowdown in manufacturing. Singapore’s semiconductor sector took a hit in April when an electronics factory shifted its production offshore. As a whole, manufacturing fell by 19.4%qoq, its worst quarterly performance in three years. Separately, inflation moderated sharply to 1.8%yoy in June, on the back of lower transport and accommodation costs.

**Fund Size**

SGD 1,091.02 million

**Class C Fund Details:**

**Inception Date**

25 September 2009

**Management Fee**

Currently 0.5% p.a.

**Expense Ratio**

0.54% p.a. (For financial year ended 31 Mar 2014)

**Price @ 31 July 2014**

SGD 1.21771

**Minimum Initial /Subsequent Investment**

None (effective 1 Apr 10)

**Dealing Day**

Daily, up to 5pm (Singapore time)

**Preliminary Charge**

Up to 3%

**Bloomberg Code**

FULSTIC SP

**ISIN Code**

SG9999006225

Fund is available for SRS subscription.

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**Investment Strategy**

As the US economy improves, Treasury yield risks are to the upside. Hence, we continue to be cautious on duration and look to limit idiosyncratic risks by investing in attractively valued issues backed by strong credit fundamentals. On Russia, we continue to monitor the situation closely.

**Market Exposure**

<b>Market Exposure</b>		<b>Credit Rating*</b>	
Australia	2.8%	AA	0.4%
China	19.5%	A	26.6%
Hong Kong	15.2%	BBB	68.3%
India	3.0%	BB	4.2%
Korea	0.8%	Cash	0.5%
Russia	2.8%		
Singapore	40.3%		
Thailand	1.5%		
UAE	2.5%		
UK	0.6%		
US	4.9%		
Others	5.6%		
Cash	0.5%		

**Top 5 Holdings**

<b>Top 5 Holdings</b>		<b>Fund Characteristics</b>	
1. Citigroup Inc. 4.05% Jun 2016	2.8%	Weighted Average Coupon	3.72
2. Keppel Land Ltd 1.875% Nov 2015	2.5%	Weighted Average Credit Rating	BBB
3. Lend Lease Fin. Ltd 4.625% Jul 2017	2.3%	Number of Holdings	167
4. OUE Ltd 3.95% Sep 2015	1.9%	Average Duration	1.96
5. Sino MTN 3.25% Sep 2017	1.8%	Yield to Maturity	2.53

\* Where the security is not rated by Standard & Poor, Moody's and/or Fitch, Fullerton's internal rating methodology will apply.

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